

Message Text

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ORIGIN EA-12

INFO OCT-01 EUR-12 ISO-00 SS-15 EB-08 SIG-01 AID-05
CEA-01 CIAE-00 COME-00 FRB-03 INR-07 IO-13 NEA-10
NSAE-00 USIA-06 OPIC-03 SP-02 TRSE-00 LAB-04
SIL-01 AGRE-00 OMB-01 CAB-02 DODE-00 DOTE-00
FAA-00 L-03 DOE-11 SOE-02 OES-07 NSC-05 PA-01
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P R 240152Z JAN 78
FM SECSTATE WASHDC
TO AMEMBASSY TOKYO PRIORITY
INFO AMEMBASSY BONN
AMEMBASSY BRUSSELS
AMEMBASSY COPENHAGEN
AMEMBASSY DUBLIN
AMEMBASSY LONDON
AMEMBASSY LUXEMBOURG
AMEMBASSY PARIS
AMEMBASSY ROME
AMEMBASSY THE HAGUE

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USEC ALSO FOR EMBASSY; USOECD ALSO FOR EMBASSY

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SUBJECT:COOPER-MIYAZAKI TALKS

1. SUMMARY. DURING JANUARY 19 CALL COOPER AND MIYAZAKI DIS-
CUSSED STEEL, THE JULY ECONOMIC SUMMIT, THE STRAUSS TALKS
AND CIVIL AVIATION.

2. STEEL. DURING JANUARY 19 CALL BY JAPANESE DEPUTY

FOREIGN MINISTER, HIROMICHI MIYAZAKI, UNDER SECRETARY COOPER REVIEWED US CONCERNS ABOUT CERTAIN ASPECTS OF THE SECOND STAGE OF EUROPEAN STEEL PROPOSALS, MAINLY RELATED TO THEIR IMPLICATIONS FOR THE VIABILITY OF OUR TRIGGER PRICE MECHANISM. COOPER STRESSED THAT ALTHOUGH DETAILS ARE MISTY, THE EUROPEAN PROPOSAL COULD BECOME A VEHICLE FOR QUANTITATIVE RESTRICTIONS AND IF SO, WOULD PLACE THE US UNDER STRONG PROTECTIONIST PRESSURES TO FOLLOW THE SAME COURSE OF ACTION. HE STRESSED THAT THIS IS IN NO ONE'S BEST INTERESTS. COOPER NOTED THAT WE HAD NO PROBLEMS WITH THE STATED INTENTIONS OF THE EUROPEANS AND THAT DAVIGNON HAD INSISTED NO QUANTITATIVE RESTRICTIONS WERE INTENDED BUT OUR ANALYSTS HAVE PROBLEMS NONETHELESS IN UNDERSTANDING HOW THESE COULD BE AVOIDED. MIYAZAKI, WHILE SHARING US CONCERNS, SUGGESTED THAT THE EUROPEANS WANTED TO MAINTAIN TRADITIONAL PATTERNS OF TRADE AND SAID THAT JAPAN PREFERRED TO ACCEPT THEIR ASSURANCES AT FACE VALUE. HOWEVER, JAPAN IS OPPOSED TO AN ATTEMPT TO HAVE AN MFA TYPE ARRANGEMENT FOR STEEL.

3. THE ECONOMIC SUMMIT. COOPER NOTED THAT MIYAZAKI WOULD BE SEEING HENRY OWEN FOR A FULLER DISCUSSION OF THE ECONOMIC SUMMIT BUT SUGGESTED THAT UNRESOLVED MTN PROBLEMS, COLLECTIVE ENERGY EFFORTS AND NORTH-SOUTH ISSUES WOULD BE USEFUL SUBJECTS FOR DISCUSSION. MIYAZAKI SAID THAT FOR JAPAN THE TRADITIONAL PROBLEM OF HOW TO GET OUT OF A RECES-

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SION WITHOUT INFLATION WOULD BE OF MAJOR INTEREST. COOPER SUGGESTED THE VALUE OF PREPARATORY MEETINGS AND LONG-RANGE THINKING SINCE WE HAVE A LONG LEAD TIME BEFORE THE SUMMIT.

4. STRAUSS FOLLOW UP. IN RESPONSE TO MIYAZAKI'S QUESTION COOPER SAID HE THOUGHT THE STRAUSS VISIT WENT WELL AND AMERICAN PRESS COVERAGE HAD BEEN GENERALLY SYMPATHETIC. HE NOTED THAT SEVERAL OBSERVERS IN THE BUSINESS COMMUNITY HAD TOLD HIM THIS WEEK THAT THE "PACKAGE WAS PRETTY THIN", BUT WE HOPED WE COULD USE THE AGREEMENT TO WITHSTAND CONGRESSIONAL PRESSURES. COOPER STRESSED THAT THE PRESSURES IN THE US MAKE IT NECESSARY TO MONITOR FOLLOW-UP EFFORTS CLOSELY. HE SAID THAT WE PARTICULARLY VALUE THE TRADE FACILITATION COMMITTEE.

5. MIYAZAKI SAID HE HAD THREE POINTS TO DISCUSS: 1) THE EUROPEANS WERE SUSPICIOUS THAT WE HAD CUT A BILATERAL DEAL; 2) THE US SHOULD BE AWARE THAT BALANCE OF PAYMENTS EFFECTS OF YEN APPRECIATION WOULD NOT SHOW UP UNTIL THE LATTER PART OF THE YEAR (COOPER NOTED US UNDERSTANDING OF THIS POINT); AND 3) JAPANESE OFFICIALS BELIEVED THE US SHOULD DO MORE TO STRENGTHEN THE DOLLAR, TO PROMOTE EXPORTS AND TO REDUCE OIL

IMPORTS.

6. CIVIL AVIATION. COOPER RAISED THE FLYING TIGER APPLICATION, AND REITERATED THE US POSITION THAT THE TEMPORARY FREEZE IN CAPACITY WAS NO LONGER IN EFFECT AND THAT THIS SORT OF APPLICATION SHOULD BE AUTOMATICALLY APPROVED. HE CITED CONSIDERABLE US AIRLINE FRUSTRATION IN CARRYING OUT RIGHTS GRANTED UNDER AGREEMENTS. HE SUGGESTED THAT MIYAZAKI SHOULD REVIEW THE PROBLEM IN BROAD OUTLINE WHEN HE HAD THE OPPORTUNITY. VANCE

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